

TOWN OF PURCELLVILLE, VIRGINIA  
FINANCIAL AND COMPLIANCE REPORTS  
JUNE 30, 2000

## TOWN OF PURCELLVILLE, VIRGINIA

### OFFICIALS

John Marsh, Mayor  
Robert W. Lohr, Jr., Town Manager  
Elizabeth B. Krens, Treasurer/Commissioner of Revenue  
James D. Pammel, Planner/Asst. Town Manager  
Karin Franklin, Director of Public Works  
Duane L. Atkisson, Chief of Police

### TOWN COUNCIL

Richard W. Clarke  
Beverly B. MacDonald  
Lisa G. Payne

Paul Eldridge  
Paul D. Arbogast  
Loren Kropat

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INDEPENDENT AUDITORS' REPORT ON THE  
FINANCIAL STATEMENTS

To the Honorable Town Council  
Town of Purcellville  
Purcellville, VA

We have audited the accompanying general-purpose financial statements of the Town of Purcellville, Virginia, as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town of Purcellville's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Purcellville, Virginia, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2000, on our consideration of the Town of Purcellville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Young, Nicholas, Branner & Phillips, LLP*

Harrisonburg, VA  
August 11, 2000

**Young, Nicholas, Branner & Phillips, LLP**  
Certified Public Accountants

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TOWN OF PURCELLVILLE, VIRGINIA

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 2000 and 1999

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Enterprise Funds</u>
<b>ASSETS</b>			
Cash and investments (Note 6)	\$ 2 076 540	\$ -	\$ 3 294 520
Restricted, cash and investments (Note 6)	143 392	-	13 850
Receivables:			
Property taxes	32 102	-	-
Utility taxes	26 061	-	-
Accounts	67 193	-	230 847
Accrued interest	7 120	-	1 303
Train station	14 467	-	-
Due from other governmental units (Note 2)	53 209	-	-
Due from other funds	-	18 991	-
Property, plant and equipment (net of accumulated depreciation) (Note 3)	-	-	8 109 073
Amount to be provided for retirement of general long-term debt (Note 4)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2 420 084</u>	<u>\$ 18 991</u>	<u>\$ 11 649 593</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 42 621	\$ -	\$ 64 527
Accounts payable, land	-	-	-
Accrued interest payable	-	-	5 852
Compensated absences	50 568	-	18 574
Current maturities of general obligation payable (Note 4)	-	-	21 377
Customer deposits	143 392	-	13 850
Deferred revenues	22 793	-	-
Due to other funds	18 991	-	-
Long-term debt - general obligation payable (Note 4)	<u>-</u>	<u>-</u>	<u>2 103 416</u>
Total liabilities	<u>\$ 278 365</u>	<u>\$ -</u>	<u>\$ 2 227 596</u>
<b>FUND EQUITY</b>			
Investment in general fixed assets (Note 3)	\$ -	\$ -	\$ -
Contributed capital (Note 10)	-	-	2 915 446
Retained earnings	-	-	6 506 551
Fund balance:			
Unreserved	2 141 719	-	-
Designated for debt service (Note 4)	<u>-</u>	<u>18 991</u>	<u>-</u>
Total fund equity	<u>\$ 2 141 719</u>	<u>\$ 18 991</u>	<u>\$ 9 421 997</u>
Total liabilities and fund equity	<u>\$ 2 420 084</u>	<u>\$ 18 991</u>	<u>\$ 11 649 593</u>

See Notes to Financial Statements.

----- Account Groups -----		Totals (Memorandum Only)	
General Long-Term Debt	General Fixed Assets	June 30, 2000	1999
\$ -	\$ -	\$ 5 371 060	\$ 4 175 002
-	-	157 242	74 198
-	-	32 102	30 226
-	-	26 061	25 564
-	-	298 040	230 831
-	-	8 423	20 501
-	-	14 467	27 322
-	-	53 209	61 473
-	-	18 991	17 755
-	2 195 113	10 304 186	9 454 082
<u>845 750</u>	<u>-</u>	<u>845 750</u>	<u>864 709</u>
<u>\$ 845 750</u>	<u>\$ 2 195 113</u>	<u>\$ 17 129 531</u>	<u>\$ 14 981 663</u>
\$ -	\$ -	\$ 107 148	\$ 106 081
-	-	-	235 000
-	-	5 852	1 773
-	-	69 142	50 493
-	-	21 377	15 761
-	-	157 242	74 198
-	-	22 793	26 977
-	-	18 991	17 755
<u>845 750</u>	<u>-</u>	<u>2 949 166</u>	<u>2 823 294</u>
<u>\$ 845 750</u>	<u>\$ -</u>	<u>\$ 3 351 711</u>	<u>\$ 3 351 332</u>
\$ -	\$ 2 195 113	\$ 2 195 113	\$ 1 938 382
-	-	2 915 446	3 032 446
-	-	6 506 551	4 746 223
-	-	2 141 719	1 895 525
<u>-</u>	<u>-</u>	<u>18 991</u>	<u>17 755</u>
<u>\$ -</u>	<u>\$ 2 195 113</u>	<u>\$ 13 777 820</u>	<u>\$ 11 630 331</u>
<u>\$ 845 750</u>	<u>\$ 2 195 113</u>	<u>\$ 17 129 531</u>	<u>\$ 14 981 663</u>

## TOWN OF PURCELLVILLE, VIRGINIA

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types		Totals (Memorandum Only)	
	General Fund	Debt Service	June 30, 2000	June 30, 1999
<b>REVENUES</b>				
General property taxes	\$ 745 648	\$ -	\$ 745 648	\$ 631 462
Other local taxes	1 149 794	-	1 149 794	893 473
Permits and zoning	260 698	-	260 698	163 826
Fines and forfeitures	13 660	-	13 660	5 734
Revenues from use of money and property	97 002	-	97 002	76 284
Miscellaneous	72 859	-	72 859	74 090
Intergovernmental	105 784	-	105 784	51 165
ISTEA grant (Note 14)	27 522	-	27 522	151 544
Total revenues	<u>\$ 2 472 967</u>	<u>\$ -</u>	<u>\$ 2 472 967</u>	<u>\$ 2 047 578</u>
<b>EXPENDITURES</b>				
General government administration	\$ 1 018 224	\$ -	\$ 1 018 224	\$ 737 077
Public safety	399 176	-	399 176	304 764
Public works	466 320	-	466 320	389 624
Capital outlay	256 731	-	256 731	170 964
ISTEA grant (Note 14)	27 522	-	27 522	151 544
Debt service:				
Principal retirement	-	17 723	17 723	16 347
Interest	-	59 029	59 029	60 405
Total expenditures	<u>\$ 2 167 973</u>	<u>\$ 76 752</u>	<u>\$ 2 244 725</u>	<u>\$ 1 830 725</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 304 994</u>	<u>\$ (76 752)</u>	<u>\$ 228 242</u>	<u>\$ 216 853</u>
<b>OPERATING TRANSFERS</b>				
Transfers in	\$ 19 188	\$ 77 988	\$ 97 176	\$ 97 096
Transfers out	<u>(77 988)</u>	<u>-</u>	<u>(77 988)</u>	<u>(77 908)</u>
	<u>\$ (58 800)</u>	<u>\$ 77 988</u>	<u>\$ 19 188</u>	<u>\$ 19 188</u>
Excess of revenues and transfers in over expenditures and transfers out	\$ 246 194	\$ 1 236	\$ 247 430	\$ 236 041
FUND BALANCE AT BEGINNING OF YEAR	<u>1 895 525</u>	<u>17 755</u>	<u>1 913 280</u>	<u>1 677 239</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2 141 719</u>	<u>\$ 18 991</u>	<u>\$ 2 160 710</u>	<u>\$ 1 913 280</u>

See Notes to Financial Statements.

## TOWN OF PURCELLVILLE, VIRGINIA

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND

Year Ended June 30, 2000

	----- General Fund -----		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
General property taxes	\$ 645 500	\$ 745 648	\$ 100 148
Other local taxes	835 000	1 149 794	314 794
Permits and zoning	110 000	260 698	150 698
Fines and forfeitures	10 200	13 660	3 460
Revenues from use of money and property	86 800	97 002	10 202
Miscellaneous	57 670	72 859	15 189
Intergovernmental	88 128	105 784	17 656
ISTEA grant (Note 14)	-	27 522	27 522
Total revenues	<u>\$ 1 833 298</u>	<u>\$ 2 472 967</u>	<u>\$ 639 669</u>
EXPENDITURES			
General government administration	\$ 997 818	\$ 1 018 224	\$ (20 406)
Public safety	396 146	399 176	(3 030)
Public works	457 597	466 320	(8 723)
Capital outlay	234 191	256 731	(22 540)
ISTEA grant (Note 14)	-	27 522	(27 522)
Total expenditures	<u>\$ 2 085 752</u>	<u>\$ 2 167 973</u>	<u>\$ (82 221)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (252 454)</u>	<u>\$ 304 994</u>	<u>\$ 557 448</u>
OPERATING TRANSFERS			
Transfers in	\$ 310 018	\$ 19 188	\$ (290 830)
Transfers out	<u>(57 564)</u>	<u>(77 988)</u>	<u>(20 424)</u>
	<u>\$ 252 454</u>	<u>\$ (58 800)</u>	<u>\$ (311 254)</u>
Excess of revenues and transfers in over expenditures and transfers out	\$ -	\$ 246 194	\$ 246 194
FUND BALANCE AT BEGINNING OF YEAR	<u>1 895 525</u>	<u>1 895 525</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 1 895 525</u>	<u>\$ 2 141 719</u>	<u>\$ 246 194</u>

See Notes to Financial Statements.



## TOWN OF PURCELLVILLE, VIRGINIA

COMBINED STATEMENTS OF REVENUES AND EXPENSES, AND CHANGES  
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

Year Ended June 30, 2000

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise Funds	
	---- Water and Sewer ----	
	2000	1999
OPERATING REVENUES		
Charges for services	\$ 998 784	\$ 899 018
Availabilities	1 657 500	788 000
Other	52 325	44 457
	<u>\$ 2 708 609</u>	<u>\$ 1 731 475</u>
OPERATING EXPENSES		
Personnel services	\$ 337 483	\$ 325 428
Employee benefits	104 096	87 385
Operations	267 358	277 721
Equipment and vehicles	28 712	18 441
Depreciation	309 713	265 279
Other	54 207	54 373
	<u>\$ 1 101 569</u>	<u>\$ 1 028 627</u>
Operating income	<u>\$ 1 607 040</u>	<u>\$ 702 848</u>
NONOPERATING REVENUE (EXPENSE)		
Interest income	\$ 138 492	\$ 48 197
Interest expense	(108 273)	(62 570)
Rental income (Note 11)	22 352	22 601
Timber sale	2 905	226 250
	<u>\$ 55 476</u>	<u>\$ 234 478</u>
Net income before operating transfers	\$ 1 662 516	\$ 937 326
OPERATING TRANSFERS OUT	<u>(19 188)</u>	<u>(19 188)</u>
Net income	\$ 1 643 328	\$ 918 138
DEPRECIATION TRANSFERRED TO CONTRIBUTED CAPITAL	<u>117 000</u>	<u>117 000</u>
Increase in retained earnings	\$ 1 760 328	\$ 1 035 138
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>4 746 223</u>	<u>3 711 085</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 6 506 551</u>	<u>\$ 4 746 223</u>

See Notes to Financial Statements.

TOWN OF PURCELLVILLE, VIRGINIA  
 COMBINED STATEMENTS OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES  
 Year Ended June 30, 2000  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise Funds	
	----- Water and Sewer -----	
	<u>2000</u>	<u>1999</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 1 607 040	\$ 702 848
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	309 713	265 279
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(38 898)	(63 648)
Increase (decrease) in accounts payable	(6 892)	2 305
Increase (decrease) in customer deposits	(4 025)	2 370
Increase (decrease) in liability for compensated absences	<u>2 058</u>	<u>6 435</u>
Net cash provided by operating activities	<u>\$ 1 868 996</u>	<u>\$ 915 589</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Timber sales proceeds	\$ 2 905	\$ 226 250
Operating transfers out	(19 188)	(19 188)
Rental income	22 352	22 601
Purchase of equipment	(1 114 563)	(997 223)
Proceeds from long-term debt	177 873	895 446
Principal payments on long-term debt	(27 426)	(34 148)
Interest payments on long-term debt	<u>(104 194)</u>	<u>(61 733)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$(1 062 241)</u>	<u>\$ 32 005</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>\$ 145 677</u>	<u>\$ 41 436</u>
Net cash provided by investing activities	<u>\$ 145 677</u>	<u>\$ 41 436</u>
Net increase in cash and cash equivalents	\$ 952 432	\$ 989 030
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2 355 938</u>	<u>1 366 908</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3 308 370</u>	<u>\$ 2 355 938</u>

See Notes to Financial Statements.

TOWN OF PURCELLVILLE, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Purcellville, Virginia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Town includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent upon the Town Council. Control by or dependence upon the Town Council was determined on the basis of the following:

- 1) The Town's ability to designate the management or significantly control the operations of the entity.
- 2) The Town's responsibility for the fiscal matters of the entity, including authorizations of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts, and control over the collections and disbursement of funds.
- 3) The scope of public services rendered by and the geographic location of the entity.

Based on the foregoing criteria, all the financial activities of the Town, including its water and sewer operations, are included in the accompanying financial statements. Fire and rescue services are provided to Town residents by separate independent voluntary not-for-profit organizations and educational services are provided by the Loudoun County School Board. Since these activities do not meet the criteria above, they are not included in the accompanying financial statements.

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "funds".



## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

The various fund types, funds and account groups in the financial statements are as follows:

- 1) Governmental Fund Types - account for the expendable financial resources other than those accounted for in Proprietary Fund Types. Governmental Fund Type's measurement focus is based upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Fund Types are:

General Fund

The General Fund accounts for all revenues and expenditures applicable to the general operations of the Town, which are not accounted for in other funds.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest and related costs.

- 2) Proprietary Fund Types - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund Type measurement focus is based upon determination of net income, financial position, and cash flows. The only Proprietary Fund Type of the Town is the Enterprise Fund.

Enterprise Fund

Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. Enterprise Funds consist of the Water Fund and the Sewer Fund.

- 3) Account Groups

The Account Groups establish accounting control and accountability for the general fixed assets and the unmatured principal of the Town's general obligation long-term debt. Account groups are not considered "funds". They are concerned with the measurement of financial position. They are not involved in the measurement of results of operations.

General Fixed Assets

The General Fixed Asset Account Group accounts for fixed assets of the Town, other than those accounted for in the proprietary fund types.

General Long-Term Debt

The General Long-Term Debt Account Group accounts for the long-term debt that is backed by the Town's full faith and credit.

## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

C. Combined/Combining Format

Combined Financial Statements - These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. All funds of a specific fund classification are combined and presented as one in the financial statements.

Combining Financial Statements - By Fund Classification - This statement presents individual financial statements for each fund of a given fund classification.

Budgetary Comparison Statements

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, compares budget and actual data for all Governmental Fund Types, for which budgets were adopted.

Total Columns on Combined Statements - Overview

Total Columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Totals

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

D. Transfers

Payments between funds which are not expected to be repaid are accounted for as transfers.

E. Basis of Accounting1) Governmental Fund Types

Governmental Fund Types utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues - uncollected property taxes. Sales and utility taxes remitted to the Town are recognized as revenues and receivables generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenue when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.

## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

2) Proprietary Fund Types

The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred. The Town has elected to follow all FASB Statements developed for business enterprises issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. This is in accordance with GASB No. 20, Paragraph 7.

F. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year end. Budgets are not adopted for the Debt Service Fund since budgetary controls are maintained through the General Fund.

Budgets for the Enterprise Funds serve as a spending plan guide for the Town and do not constitute legally binding limitations. Budget to actual information is shown as supplementary information only. Below is a summary of budgeted information which is not included in the Enterprise Funds' Statements of Revenues and Expenses-Budget and Actual:

	<u>Budget</u>	<u>Actual</u>
Water Fund:		
Loan proceeds	\$ 100 000	\$ 177 873
Carryover funds	450 025	-
Debt retirement (principal)	(18 500)	(16 561)
Capital outlay:		
Reserve	(50 000)	-
Water projects	(649 000)	(685 890)
Sewer Fund:		
Loan proceeds	\$ 1 500 000	\$ -
Debt retirement (principal)	(7 633)	(10 864)
Capital outlay:		
Reserve	(103 674)	-
Sewer projects	(1 800 000)	(217 198)

## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant and Equipment

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund and capitalized at cost in the General Fixed Assets account group. Gifts and contributions are recorded at fair market value at the time received. Certain improvements, other than buildings, including roads, bridges, curbs and gutters, streets, drainage systems and lighting systems have not been capitalized. Such assets normally are immovable and of value only to the Town. No depreciation has been provided on general fixed assets.

Property, plant and equipment purchased by the Proprietary Fund after June 30, 1974, is stated at cost. Property, plant and equipment acquired prior to July 1, 1974, is stated at new replacement cost less a depreciation factor based on the age and estimated useful life of assets on June 30, 1974. Donated property is recorded at market value prevailing at date of donation. Depreciation has been provided over the following estimated useful lives using the straight-line method:

	<u>Enterprise Funds</u>
Water/sewer system	10-60 years
Equipment	5-15 years

H. Deferred Revenue

Deferred revenue represents uncollected tax billings at June 30, 2000, not available for funding of current expenditures. Taxes due at June 30 and collected within 45 days after June 30 are recognized as revenue in the accompanying financial statements.

I. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. No allowance amount was determined necessary as of June 30, 2000.

J. Restricted Cash

Cash is restricted for customer deposits held.

K. Pension Plan

Employees of the Town participate in the Virginia Retirement System (VRS). VRS is administered by the Commonwealth, which bills the Town for the employer share of contributions. VRS is obligated to pay a monthly benefit to participants upon retirement with the amount of benefit depending on length of service and earnings. (See Note 9.)

L. Health Insurance

The Town provides health insurance coverage for all full-time, salaried permanent employees.

M. Unemployment Compensation

The Town has elected to make payments to employees in an amount equivalent to the amount of regular and extended benefits paid to employees for unemployment compensation. This election is in lieu of making quarterly contributions to the Virginia Employment Commission and contributions for federal unemployment tax.

## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences

The Town records compensated absences in accordance with GASB Statement #16, "Accounting for Compensated Absences". This statement gives guidance for measuring accrued compensated absences that are expected to be paid.

The Town provides vacation and compensatory time leave to full-time employees. At June 30, 2000, the accrued compensated absences are as follows:

<u>Total</u>	<u>General Fund</u>	<u>Enterprise Funds</u>
<u>\$ 69 142</u>	<u>\$ 50 568</u>	<u>\$ 18 574</u>

O. Fund Equity Balances

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds:

Investment in General Fixed Assets - represents the investment in Town-owned general fixed assets which have been capitalized.

Contributed Capital - includes capital contributions to Proprietary Fund Types from the Town, other governments and developers, net of accumulated depreciation on assets purchased with the contributions. The Town amortizes its contributed capital over the useful life of the related asset or improvement using the straight-line method.

Retained Earnings - represents the remainder of the Town's equity in Proprietary Fund Types.

Fund Balances - Reserved - represents portions of fund balances which are not available for expenditure, or are legally segregated for a specific future use.

Fund Balances - Unreserved - available for management designation.

P. Cash and Cash Equivalents

For purposes of reporting cash flows, the Town considers all cash on hand, checking accounts, savings accounts, money market funds and highly liquid instruments with a maturity of three months or less to be cash and cash equivalents. All certificates of deposit, regardless of maturity, are considered to be cash and cash equivalents.

Q. Accounts Receivable

The Town grants credit to the customers of its water and sewer systems. The customers are either local businesses or residents.

R. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



## NOTES TO FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies (Continued)

S. Advertising

The Town expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expenditures in the General Fund were \$27,655 and \$16,190 for the years ended June 30, 2000 and 1999, respectively. Advertising expense in the Water Fund was \$5,196 and \$4,727, for the years ended June 30, 2000 and 1999, respectively. Advertising expense in the Sewer Fund was \$101 and \$3,322 for the years ended June 30, 2000 and 1999, respectively.

## Note 2. Due from Other Governmental Units

Due from other governmental units consists of the following:

Loudoun County, Virginia, sales tax \$ 53 209

## Note 3. Property, Plant and Equipment

A summary of Proprietary Fund Type property, plant, and equipment at June 30, 2000, follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise</u>
Land	\$ 785 965	\$ 297 842	\$ 1 083 807
Water and sewer systems	6 088 086	4 139 399	10 227 485
Equipment	<u>298 430</u>	<u>174 490</u>	<u>472 920</u>
Total	\$ 7 172 481	\$ 4 611 731	\$11 784 212
Less accumulated depreciation	<u>1 938 378</u>	<u>1 736 761</u>	<u>3 675 139</u>
	<u>\$ 5 234 103</u>	<u>\$ 2 874 970</u>	<u>\$ 8 109 073</u>

A summary of changes in general fixed assets at June 30, 2000, follows:

	<u>Balance June 30, 1999</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2000</u>
Land and improvements	\$ 455 691	\$ 38 855	\$ -	\$ 494 546
Building and structures	880 104	57 189	-	937 293
Vehicles and equipment	414 313	106 632	-	520 945
Office equipment	173 278	54 055	-	227 333
Other	<u>14 996</u>	<u>-</u>	<u>-</u>	<u>14 996</u>
Total	<u>\$ 1 938 382</u>	<u>\$ 256 731</u>	<u>\$ -</u>	<u>\$ 2 195 113</u>

## NOTES TO FINANCIAL STATEMENTS

## Note 4. Long-Term Debt

The general long-term debt of the Town is recorded in a separate, self-balancing account group. Long-term obligations of the Enterprise Funds are reported as liabilities in those funds.

The details of long-term debt as of June 30, 2000, are as follows:

	<u>Enterprise Funds</u>	<u>General Long- Term Debt Account Group</u>	<u>Debt Service Fund</u>	<u>Total</u>
<i>S?</i> \$350,000 1980 bond payable to Rural Development, U. S. Department of Agriculture, \$1,691 per month including interest at 5% to April 25, 2020	\$ 249 000	\$ -	\$ -	\$ 249 000
<i>WTP impr</i> \$1,230,080 1996 bond payable to Rural Development, U. S. Department of Agriculture, \$6,299 per month including interest at 5.375%. The loan matures October 18, 2036.	1 164 253	-	-	1 164 253
<i>TH</i> \$975,000 1991 bond payable to Rural Development, U. S. Department of Agriculture, \$6,396 per month including interest at 6.75% to October 10, 2021	-	845 750	18 991	864 741
<i>BSW</i> \$7,304,000 1999 bond payable to Rural Development, U. S. Department of Agriculture. The interest rate is 5%. After the Town completes drawing on the loan, it expects to repay the balance with monthly payments of \$35,863.	711 540	-	-	711 540
	<u>\$2 124 793</u>	<u>\$ 845 750</u>	<u>\$ 18 991</u>	<u>\$ 2 989 534</u>

The Town will continue to draw on the 1999 bond for financing of its sewer improvement projects. As of June 30, 2000, the Town had drawn \$714,772 on the loan and repaid principal of \$3,232.

The bonds payable to Rural Development are secured by the full faith and credit of the Town and its unlimited taxing power and net revenues of the water and sewer systems.

## NOTES TO FINANCIAL STATEMENTS

## Note 4. Long-Term Debt (Continued)

Annual requirements to amortize long-term debt are as follows:

	<u>Bonds Payable</u>
2001	\$ 40 368
2002	48 562
2003	51 477
2004	54 570
2005	57 853
Thereafter	<u>2 736 704</u>
Totals	<u>\$ 2 989 534</u>

The changes in general long-term debt are as follows:

	<u>Balance June 30, 1999</u>	<u>Principal Payment</u>	<u>Transfer to Debt Service Fund</u>	<u>Balance June 30, 2000</u>
Amount to be provided for retirement of general long-term debt	\$ <u>864 709</u>	\$ <u>(17 723)</u>	\$ <u>(1 236)</u>	\$ <u>845 750</u>
General long- term debt payable:				
Bond payable	\$ <u>864 709</u>	\$ <u>(17 723)</u>	\$ <u>(1 236)</u>	\$ <u>845 750</u>

## Note 5. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. The Town is not self-insured.

The Town has insurance coverage with the Virginia Municipal Group Self Insurance Association and VaRisk. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.



## NOTES TO FINANCIAL STATEMENTS

## Note 6. Cash and Investments

Deposits

At June 30, 2000, the carrying value of the Town's deposits with banks was \$467,468 and the bank balance was \$733,865. Of the bank balance, the entire amount was covered by Federal depository insurance or by collateral held by the Virginia State Treasurer under the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan institutions.

Petty Cash

The Town had \$550 of petty cash on June 30, 2000.

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Town's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its safekeeping agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the broker's or dealer's trust department or safekeeping agent in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the Town's name.

Below is a summary of the Town's investments as of June 30, 2000:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Category 1:		
Repurchase Agreement	\$ 4 541 000	\$ 4 541 000
Local Government Investment Pool	<u>519 284</u>	<u>519 284</u>
	<u>\$ 5 060 284</u>	<u>\$ 5 060 284</u>

## Note 7. Property Taxes

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia for all property of record as of January 1. The Town bills and collects its own property taxes based on the assessed values provided by the County. Taxes are levied subsequent to January 1.

The Town collects real estate taxes on a semi-annual basis (one-half due June 5, one-half due December 5). Personal property taxes continue to remain due December 5.

## NOTES TO FINANCIAL STATEMENTS

## Note 8. Surety Bonds

Surety bonds in force at June 30, 2000, consist of the following:

Robert W. Lohr, Jr., Town Manager	\$ <u>100 000</u>
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Elizabeth B. Krens, Treasurer	\$ <u>100 000</u>
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## Note 9. Defined Benefit Pension Plan

Plan description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increase beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P. O. Box 2500, Richmond, VA 23218-2500.

Funding policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the Town of Purcellville, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town employees' contribution rate for the fiscal year ended 2000 was 2.50% of annual covered payroll.

Annual pension cost

For 2000, the Town's annual pension cost of \$83,457 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.00% to 6.15% per year, and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.00%. The actuarial value of the Plan's assets was determined using the modified market method. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a level percent, closed basis. The remaining amortization period at June 30, 1999, was 27 years.

## NOTES TO FINANCIAL STATEMENTS

## Note 9. Defined Benefit Pension Plan (Continued)

## Three-Year Trend Information for the Town of Purcellville

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/98	\$ 50 409	100%	\$ -
6/30/99	55 350	100%	-
6/30/00	83 457	100%	-

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress for the Town of Purcellville

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) --Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/96	\$ 952 810	\$ 867 298	\$ (85 512)	109.9%	\$ 610 304	(14.0%)
6/30/98	1 288 257	1 413 862	125 605	91.1%	671 134	18.7%
6/30/99	1 535 825	1 719 633	183 808	89.3%	776 333	23.7%

## Note 10. Contributed Capital

An analysis of the changes in contributed capital is as follows:

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance, June 30, 1999	\$ 1 488 039	\$ 1 544 407	\$ 3 032 446
Depreciation transferred to contributed capital	<u>(50 800)</u>	<u>(66 200)</u>	<u>(117 000)</u>
Balance, June 30, 2000	<u>\$ 1 437 239</u>	<u>\$ 1 478 207</u>	<u>\$ 2 915 446</u>

## Note 11. Operating Lease Commitments

The Town receives rental income from several operating leases.

The Town leases its water tank to two communications companies under noncancelable operating leases for 59 months. The monthly rent received from the leases starts at \$900 each and is adjusted upward each year. One lease expires in June, 2003 and the other expires June, 2005. The companies use the tank to mount their antennas. The following is a schedule by years of future minimum rentals under the leases at June 30, 2000:

Year Ending June 30

2001	\$ 23 977
2002	24 696
2003	24 424
2004	13 681
2005	12 917
	<u>\$ 99 695</u>

## NOTES TO FINANCIAL STATEMENTS

## Note 11. Operating Lease Commitments (Continued)

The total rental income from these leases that is included in the Water Fund's statement of revenues and expenses for the year ended June 30, 2000, is \$22,352.

The Town leases office space in its Town Hall under a noncancelable operating lease for 59 months. The monthly rent received from the lease starts at \$539 and is adjusted upward each year. The following is a schedule by years of future minimum rentals under the lease at June 30, 2000:

Year Ending June 30

2001

\$ 4 863

The total rental income from this lease that is included in the General Fund's statement of revenues and expenditures for the year ended June 30, 2000, is \$7,135.

## Note 12. Fair Value of Financial Instruments

The Town has a number of financial instruments, none of which are held for trading purposes. The Town estimates that the fair value of all financial instruments at June 30, 2000, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying combined balance sheet. The estimated fair value amounts have been determined by the Town using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Town could realize in a current market exchange.

## Note 13. Transactions with Related Party

Paul D. Arbogast, a member of the Town Council during the year ended June 30, 2000, is owner of Arbogast Lawn and Tree. The Town has procured the Company's services under a competitive bidding process. The Town has transactions with the Company that are included in the results of operations during the year ended June 30, 2000, totaling \$4,415.

## Note 14. ISTEA Grant

The Town administers an Intermodal Surface Transportation Efficiency Act (ISTEA) grant for the Purcellville Preservation Association. The funds from the grant pass-through the Town to the Association for its expenditure.

The Town records this grant in accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This statement requires governments to report all cash pass-through grants received as revenue and expenditures in its governmental funds.

## NOTES TO FINANCIAL STATEMENTS

## Note 15. Segment Information on Enterprise Funds

The Town maintains enterprise funds. Financial segment information as of and for the year ended June 30, 2000, is presented below:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues	\$ 1 217 794	\$ 1 490 815	\$ 2 708 609
Depreciation expense	191 887	117 826	309 713
Operating income	567 664	1 039 376	1 607 040
Operating transfers out	(9 594)	(9 594)	(19 188)
Net income	569 690	1 073 638	1 643 328
Property, plant and equipment additions	685 890	217 198	903 088
Net working capital	1 021 944	2 394 397	3 416 341
Total assets	6 353 864	5 295 730	11 649 594
Long-term liabilities outstanding	1 150 918	952 498	2 103 416
Total equity	5 105 129	4 316 869	9 421 998





INDEPENDENT AUDITORS' REPORT ON THE  
SUPPLEMENTARY INFORMATION

To the Honorable Town Council  
Town of Purcellville  
Purcellville, VA

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Young, Nicholas, Branner & Phillips, LLP*

Harrisonburg, VA  
August 11, 2000

**Young, Nicholas, Branner & Phillips, LLP**  
Certified Public Accountants

1041 South High Street • P.O. Box 711  
Harrisonburg, VA 22801  
(540) 433-2581 • Fax (540) 433-0147

TOWN OF PURCELLVILLE, VIRGINIA  
 GENERAL FUND  
 STATEMENT OF REVENUES - BUDGET AND ACTUAL  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>GENERAL PROPERTY TAXES</b>			
Real estate taxes	\$ 509 000	\$ 592 428	\$ 83 428
Personal property taxes	<u>136 500</u>	<u>153 220</u>	<u>16 720</u>
	<u>\$ 645 500</u>	<u>\$ 745 648</u>	<u>\$ 100 148</u>
<b>OTHER LOCAL TAXES</b>			
Sales taxes	\$ 175 000	\$ 282 779	\$ 107 779
Utility taxes	150 000	164 287	14 287
Business licenses	170 000	280 791	110 791
Auto decals	52 000	63 701	11 701
Bank franchise tax	50 000	56 531	6 531
Cable franchise tax	23 000	27 070	4 070
Meals tax	175 000	192 605	17 605
Cigarette tax	<u>40 000</u>	<u>82 030</u>	<u>42 030</u>
	<u>\$ 835 000</u>	<u>\$ 1 149 794</u>	<u>\$ 314 794</u>
<b>PERMITS AND ZONING</b>			
Zoning fees	\$ 110 000	\$ 260 698	\$ 150 698
	<u>\$ 110 000</u>	<u>\$ 260 698</u>	<u>\$ 150 698</u>
<b>FINES AND FORFEITURES</b>			
Parking tickets	\$ 1 200	\$ 400	\$ (800)
Criminal fines	<u>9 000</u>	<u>13 260</u>	<u>4 260</u>
	<u>\$ 10 200</u>	<u>\$ 13 660</u>	<u>\$ 3 460</u>
<b>REVENUES FROM USE OF MONEY AND PROPERTY</b>			
Interest earned	\$ 75 000	\$ 85 367	\$ 10 367
Rent:			
House	4 800	4 500	(300)
Town Hall (Note 11)	<u>7 000</u>	<u>7 135</u>	<u>135</u>
	<u>\$ 86 800</u>	<u>\$ 97 002</u>	<u>\$ 10 202</u>
<b>INTERGOVERNMENTAL</b>			
ABC profits	\$ 3 847	\$ 8 043	\$ 4 196
Law enforcement grants	80 281	93 741	13 460
Firemen's fund	<u>4 000</u>	<u>4 000</u>	<u>-</u>
	<u>\$ 88 128</u>	<u>\$ 105 784</u>	<u>\$ 17 656</u>

(Continued)

TOWN OF PURCELLVILLE, VIRGINIA  
 GENERAL FUND  
 STATEMENT OF REVENUES - BUDGET AND ACTUAL  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
MISCELLANEOUS			
Penalties and interest	\$ 12 000	\$ 21 117	\$ 9 117
Parking meter receipts	1 500	1 780	280
Insurance dividend	30 470	30 470	-
Special meetings	700	-	(700)
Other	5 000	8 540	3 540
FEMA reimbursement	-	3 707	3 707
Police officer training reimbursement	-	5 390	5 390
Proceeds from sale of property	8 000	1 855	(6 145)
	<u>\$ 57 670</u>	<u>\$ 72 859</u>	<u>\$ 15 189</u>
ISTEA GRANT (Note 14)	<u>\$ -</u>	<u>\$ 27 522</u>	<u>\$ 27 522</u>
	<u>\$ -</u>	<u>\$ 27 522</u>	<u>\$ 27 522</u>
Total revenues	<u>\$ 1 833 298</u>	<u>\$ 2 472 967</u>	<u>\$ 639 669</u>



## TOWN OF PURCELLVILLE, VIRGINIA

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT ADMINISTRATION			
Mayor and Council:			
Mayor salary	\$ 4 500	\$ 4 500	\$ -
Council salaries	18 000	18 000	-
Travel and general expenses	4 000	2 047	1 953
Special meetings	700	-	700
	<u>\$ 27 200</u>	<u>\$ 24 547</u>	<u>\$ 2 653</u>
Planning Commission:			
Commission salaries	\$ 8 800	\$ 8 400	\$ 400
Travel and training	600	530	70
General expenses	700	270	430
Certification programs	500	352	148
	<u>\$ 10 600</u>	<u>\$ 9 552</u>	<u>\$ 1 048</u>
Planning Department:			
Town Engineer	\$ 25 138	\$ 26 280	\$ (1 142)
Inspector	32 333	35 167	(2 834)
Zoning Administrator	52 187	52 187	-
Planning Administrative Assistant	25 000	24 333	667
Dues and subscriptions	1 200	535	665
Overtime/leave	2 000	5 530	(3 530)
Travel and training	7 000	5 409	1 591
General expenses	2 500	4 072	(1 572)
Engineering/plan review	30 000	34 300	(4 300)
Interns and part-time employees	30 000	31 748	(1 748)
Consulting/field inspection	40 000	20 878	19 122
Annexation/comprehensive plan	10 000	32	9 968
Legal advertising	4 000	11 603	(7 603)
Vehicle maintenance and gas	3 000	1 310	1 690
	<u>\$ 264 358</u>	<u>\$ 253 384</u>	<u>\$ 10 974</u>
Economic Development Commission:			
Special projects	\$ 10 000	\$ 7 309	\$ 2 691
General expenses	6 500	1 048	5 452
Travel	500	18	482
	<u>\$ 17 000</u>	<u>\$ 8 375</u>	<u>\$ 8 625</u>
Board of Zoning Appeals:			
Salaries	\$ 1 200	\$ 1 400	\$ (200)
General expenses	500	-	500
Travel	200	-	200
	<u>\$ 1 900</u>	<u>\$ 1 400</u>	<u>\$ 500</u>
Park Commission:			
General expenses	\$ 2 500	\$ 1 138	\$ 1 362
Master plan/consulting	2 500	550	1 950
	<u>\$ 5 000</u>	<u>\$ 1 688</u>	<u>\$ 3 312</u>

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administrative salaries and fees:			
Town Manager	\$ 59 160	\$ 59 160	\$ -
Administrative Assistant	40 590	40 581	9
Attorney fees	35 000	62 320	(27 320)
Auditor	10 000	8 650	1 350
Treasurer	38 347	38 355	(8)
Finance Assistant	29 204	29 045	159
Overtime/leave	3 500	5 258	(1 758)
Town Clerk	26 000	23 308	2 692
COLT Secretary, net	500	-	500
Interns	6 000	10 841	(4 841)
Part-time employees	8 000	11 422	(3 422)
Credit collection	5 000	2 798	2 202
	<u>\$ 261 301</u>	<u>\$ 291 738</u>	<u>\$ (30 437)</u>
Building maintenance:			
Cleaning	\$ 8 000	\$ 7 759	\$ 241
Electricity	7 500	7 155	345
Telephone	8 500	13 086	(4 586)
Supplies	4 000	1 480	2 520
Repairs	2 000	3 333	(1 333)
Pest control	300	288	12
	<u>\$ 30 300</u>	<u>\$ 33 101</u>	<u>\$ (2 801)</u>
Miscellaneous:			
Equipment repairs and supplies, office	\$ 17 000	\$ 26 262	\$ (9 262)
Town decals	8 000	2 223	5 777
Contracted equipment maintenance	8 500	12 461	(3 961)
Dues and subscriptions	2 100	654	1 446
Town manager travel and expenses	6 000	7 852	(1 852)
Legal advertisements	7 500	16 052	(8 552)
Newsletters	3 000	885	2 115
Travel and training	5 000	2 576	2 424
Election expense	500	-	500
Postage	5 000	6 841	(1 841)
Vehicle maintenance and gas	2 000	772	1 228
	<u>\$ 64 600</u>	<u>\$ 76 578</u>	<u>\$ (11 978)</u>
Employee benefits:			
Health insurance	\$ 116 700	\$ 115 574	\$ 1 126
Retirement	59 681	60 293	(612)
Workers' compensation	12 000	15 901	(3 901)
Payroll taxes	69 428	72 460	(3 032)
Unemployment compensation	3 000	-	3 000
Performance bonuses	8 250	8 640	(390)
Drug testing	1 500	295	1 205
	<u>\$ 270 559</u>	<u>\$ 273 163</u>	<u>\$ (2 604)</u>

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other:			
Municipal insurance - autos, buildings, equipment and liability	\$ 38 000	\$ 38 897	\$ (897)
Miscellaneous	1 000	801	199
Firemen's fund	4 000	4 000	-
Contributions:			
Business and Professional Association	1 000	1 000	-
Community Center	1 000	-	1 000
	<u>\$ 45 000</u>	<u>\$ 44 698</u>	<u>\$ 302</u>
Total general government administration	<u>\$ 997 818</u>	<u>\$ 1 018 224</u>	<u>\$ (20 406)</u>
 PUBLIC SAFETY			
Salaries:			
Chief of Police	\$ 45 577	\$ 45 573	\$ 4
Patrolmen	155 000	151 623	3 377
Sergeants	76 088	75 858	230
Overtime/leave	18 000	29 274	(11 274)
Administrative Assistant	26 247	25 095	1 152
	<u>\$ 320 912</u>	<u>\$ 327 423</u>	<u>\$ (6 511)</u>
Administration:			
Telephone	\$ 4 800	\$ 3 721	\$ 1 079
Supplies	6 410	7 631	(1 221)
Small equipment	7 500	8 426	(926)
Equipment repairs	5 000	2 059	2 941
Dues and subscriptions	2 000	1 252	748
Travel and training	6 000	4 799	1 201
Public education	5 000	2 934	2 066
Uniforms	6 000	8 829	(2 829)
Technical support	2 000	3 047	(1 047)
	<u>\$ 44 710</u>	<u>\$ 42 698</u>	<u>\$ 2 012</u>
Vehicle expenses:			
Repairs	\$ 5 424	\$ 4 988	\$ 436
Tires	3 000	1 735	1 265
Gas and oil	7 100	7 332	(232)
	<u>\$ 15 524</u>	<u>\$ 14 055</u>	<u>\$ 1 469</u>
Contributions:			
Rescue squad	\$ 7 500	\$ 7 500	\$ -
Fire department	7 500	7 500	-
	<u>\$ 15 000</u>	<u>\$ 15 000</u>	<u>\$ -</u>
Total public safety	<u>\$ 396 146</u>	<u>\$ 399 176</u>	<u>\$ (3 030)</u>

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>PUBLIC WORKS</b>			
Salaries:			
Superintendent	\$ 39 963	\$ 39 803	\$ 160
Maintenance employees	134 434	135 245	(811)
Overtime/leave	8 000	10 861	(2 861)
Part-time employees	5 000	12 267	(7 267)
	<u>\$ 187 397</u>	<u>\$ 198 176</u>	<u>\$ (10 779)</u>
Administration:			
Safety	\$ 3 125	\$ 3 541	\$ (416)
Electricity/heating	2 775	1 328	1 447
Waste disposal	600	-	600
Telephone	2 100	2 564	(464)
Supplies	11 000	12 040	(1 040)
Small equipment and tools	1 800	1 783	17
Dues and subscriptions	400	94	306
Travel and training	3 000	2 230	770
Uniforms	7 000	5 536	1 464
Building expenses	1 000	2 152	(1 152)
	<u>\$ 32 800</u>	<u>\$ 31 268</u>	<u>\$ 1 532</u>
Vehicle expenses:			
Repairs	\$ 4 500	\$ 7 827	\$ (3 327)
Tires	2 000	1 819	181
Gas and oil	6 000	7 610	(1 610)
Equipment repairs	8 000	8 302	(302)
	<u>\$ 20 500</u>	<u>\$ 25 558</u>	<u>\$ (5 058)</u>
Streets:			
Street repair	\$ 2 000	\$ 1 844	\$ 156
Sidewalk repair	4 000	245	3 755
Snow removal	5 000	4 850	150
Street lights	28 000	26 564	1 436
Signs	1 000	3 035	(2 035)
Miss Utility	1 500	1 340	160
Storm drainage	2 000	1 063	937
Tree removal	3 000	3 990	(990)
Land use permits	400	240	160
	<u>\$ 46 900</u>	<u>\$ 43 171</u>	<u>\$ 3 729</u>
Refuse contract	<u>\$ 170 000</u>	<u>\$ 168 147</u>	<u>\$ 1 853</u>
	<u>\$ 170 000</u>	<u>\$ 168 147</u>	<u>\$ 1 853</u>
Total public works	<u>\$ 457 597</u>	<u>\$ 466 320</u>	<u>\$ (8 723)</u>

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CAPITAL OUTLAY	\$ 234 191	\$ 256 731	\$ (22 540)
Total capital outlay	\$ 234 191	\$ 256 731	\$ (22 540)
ISTEA GRANT (Note 14)	\$ -	\$ 27 522	\$ (27 522)
Total ISTE A grant	\$ -	\$ 27 522	\$ (27 522)
Total expenditures	<u>\$ 2 085 752</u>	<u>\$ 2 167 973</u>	<u>\$ (82 221)</u>

## TOWN OF PURCELLVILLE, VIRGINIA

 ENTERPRISE FUNDS  
 COMBINING BALANCE SHEETS  
 June 30, 2000

	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Cash	\$ 1 003 209	\$ 2 291 311	\$ 3 294 520
Restricted cash	13 850	-	13 850
Receivables:			
Accounts	101 399	129 448	230 847
Accrued interest	1 303	-	1 303
Property, plant and equipment (net of accumulated depreciation)	<u>5 234 103</u>	<u>2 874 970</u>	<u>8 109 073</u>
Total assets	<u>\$ 6 353 864</u>	<u>\$ 5 295 729</u>	<u>\$ 11 649 593</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 59 504	\$ 5 023	\$ 64 527
Accrued interest payable	2 051	3 801	5 852
Compensated absences	9 077	9 497	18 574
Current maturities of general obligation payable	13 335	8 042	21 377
Customer deposits	13 850	-	13 850
Long-term debt, general obligation payable	<u>1 150 918</u>	<u>952 498</u>	<u>2 103 416</u>
Total liabilities	<u>\$ 1 248 735</u>	<u>\$ 978 861</u>	<u>\$ 2 227 596</u>
<b>FUND EQUITY</b>			
Contributed capital	\$ 1 437 239	\$ 1 478 207	\$ 2 915 446
Retained earnings, unreserved	<u>3 667 890</u>	<u>2 838 661</u>	<u>6 506 551</u>
Total fund equity	<u>\$ 5 105 129</u>	<u>\$ 4 316 868</u>	<u>\$ 9 421 997</u>
Total liabilities and fund equity	<u>\$ 6 353 864</u>	<u>\$ 5 295 729</u>	<u>\$ 11 649 593</u>

## TOWN OF PURCELLVILLE, VIRGINIA

ENTERPRISE FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 Year Ended June 30, 2000

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services and connection fees	\$ 426 885	\$ 571 899	\$ 998 784
Availabilities	755 000	902 500	1 657 500
Other	35 909	16 416	52 325
	<u>\$ 1 217 794</u>	<u>\$ 1 490 815</u>	<u>\$ 2 708 609</u>
OPERATING EXPENSES			
Personnel services	\$ 176 437	\$ 161 046	\$ 337 483
Employee benefits	51 687	52 409	104 096
Operations	170 556	96 802	267 358
Equipment and vehicles	12 947	15 765	28 712
Depreciation	191 887	117 826	309 713
Other	46 616	7 591	54 207
	<u>\$ 650 130</u>	<u>\$ 451 439</u>	<u>\$ 1 101 569</u>
Operating income	<u>\$ 567 664</u>	<u>\$ 1 039 376</u>	<u>\$ 1 607 040</u>
NONOPERATING REVENUE (EXPENSE)			
Interest income	\$ 45 668	\$ 92 824	\$ 138 492
Interest expense	(59 305)	(48 968)	(108 273)
Rental income (Note 11)	22 352	-	22 352
Timber sale	2 905	-	2 905
	<u>\$ 11 620</u>	<u>\$ 43 856</u>	<u>\$ 55 476</u>
Net income before operating transfers	\$ 579 284	\$ 1 083 232	\$ 1 662 516
OPERATING TRANSFERS OUT	<u>(9 594)</u>	<u>(9 594)</u>	<u>(19 188)</u>
Net income	\$ 569 690	\$ 1 073 638	\$ 1 643 328
DEPRECIATION TRANSFERRED TO CONTRIBUTED CAPITAL	<u>50 800</u>	<u>66 200</u>	<u>117 000</u>
Increase in retained earnings	\$ 620 490	\$ 1 139 838	\$ 1 760 328
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>3 047 396</u>	<u>1 698 827</u>	<u>4 746 223</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 3 667 886</u>	<u>\$ 2 838 665</u>	<u>\$ 6 506 551</u>



TOWN OF PURCELLVILLE, VIRGINIA  
 ENTERPRISE FUNDS  
 COMBINING STATEMENTS OF CASH FLOWS  
 Year Ended June 30, 2000

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 567 664	\$ 1 039 376	\$ 1 607 040
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	191 887	117 826	309 713
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19 221)	(19 677)	(38 898)
Increase (decrease) in accounts payable	(6 147)	(745)	(6 892)
Increase (decrease) in customer deposits	(4 025)	-	(4 025)
Increase (decrease) in liability for compensated absences	<u>828</u>	<u>1 230</u>	<u>2 058</u>
Net cash provided by operating activities	<u>\$ 730 986</u>	<u>\$ 1 138 010</u>	<u>\$ 1 868 996</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Timber sale proceeds	\$ 2 905	\$ -	\$ 2 905
Rental income	22 352	-	22 352
Purchase of equipment	(665 488)	(449 075)	(1 114 563)
Operating transfers out	(9 594)	(9 594)	(19 188)
Proceeds from long-term debt	177 873	-	177 873
Principal payments on long-term debt	(16 561)	(10 865)	(27 426)
Interest payments on long-term debt	<u>(59 027)</u>	<u>(45 167)</u>	<u>(104 194)</u>
Net cash used in capital and related financing activities	<u>\$ (547 540)</u>	<u>\$ (514 701)</u>	<u>\$ (1 062 241)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>\$ 49 552</u>	<u>\$ 96 125</u>	<u>\$ 145 677</u>
Net cash provided by investing activities	<u>\$ 49 552</u>	<u>\$ 96 125</u>	<u>\$ 145 677</u>
Net increase in cash and cash equivalents	\$ 232 998	\$ 719 434	\$ 952 432
CASH AND CASH EQUIVALENTS, BEGINNING	<u>784 061</u>	<u>1 571 877</u>	<u>2 355 938</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1 017 059</u>	<u>\$ 2 291 311</u>	<u>\$ 3 308 370</u>



## TOWN OF PURCELLVILLE, VIRGINIA

WATER FUND  
 STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Water fees	\$ 365 000	\$ 426 885	\$ 61 885
Water availabilities	240 000	755 000	515 000
Water connections	1 500	-	(1 500)
Late charges	3 600	3 776	176
Service charges	5 000	12 630	7 630
Miscellaneous	6 000	1 070	(4 930)
Water meters	13 000	18 433	5 433
Proffers	5 000	-	(5 000)
	<u>\$ 639 100</u>	<u>\$ 1 217 794</u>	<u>\$ 578 694</u>
<b>OPERATING EXPENSES</b>			
Personnel:			
Superintendent	\$ 44 256	\$ 47 713	\$ (3 457)
Operators	98 415	79 874	18 541
Overtime/leave	9 000	19 181	(10 181)
Secretary	15 691	15 694	(3)
Town Engineer	12 569	12 085	484
Performance bonuses	2 000	1 890	110
Employee benefits:			
Health insurance	31 440	23 189	8 251
Retirement	13 560	11 571	1 989
Workers' compensation	8 000	3 436	4 564
Payroll taxes	13 000	13 361	(361)
Drug testing	500	130	370
Operations:			
Electricity	25 000	30 399	(5 399)
Telephone	3 800	2 587	1 213
Supplies	11 500	9 732	1 768
Lab equipment	17 600	17 773	(173)
Contracts	2 800	2 968	(168)
Uniforms and safety	5 000	4 962	38
Well repairs	26 000	21 228	4 772
Plant repairs	12 000	18 057	(6 057)
Water line repairs	8 000	21 622	(13 622)
Leak detection	5 000	3 035	1 965
Meter repairs and testing	3 000	2 547	453
Cross connections	500	-	500
Chemicals, plant	23 500	25 536	(2 036)
Chemicals, well	6 000	5 061	939
Spare parts	5 000	5 049	(49)
Equipment and vehicles:			
Equipment repairs and small equipment	5 500	6 638	(1 138)
Vehicle repairs	2 000	1 921	79
Gas and oil	2 600	2 671	(71)
Propane	5 000	1 717	3 283

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

WATER FUND  
 STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other expenses:			
Watershed management	\$ 12 000	\$ 6 650	\$ 5 350
Forestry management	10 000	6 077	3 923
Advertisements	4 300	5 196	(896)
Water samples	32 000	15 471	16 529
Training	4 400	4 698	(298)
Miscellaneous	3 600	3 980	(380)
Engineering	6 000	2 263	3 737
Consumer report	3 000	2 281	719
Depreciation	-	191 887	(191 887)
	<u>\$ 493 531</u>	<u>\$ 650 130</u>	<u>\$ (156 599)</u>
Operating income	<u>\$ 145 569</u>	<u>\$ 567 664</u>	<u>\$ 422 095</u>
NONOPERATING REVENUE (EXPENSE)			
Interest earned	\$ 7 000	\$ 45 668	\$ 38 668
Interest expense	(66 500)	(59 305)	7 195
Rental income (Note 11)	16 000	22 352	6 352
Timber sale	75 000	2 905	(72 095)
	<u>\$ 31 500</u>	<u>\$ 11 620</u>	<u>\$ (19 880)</u>
Net income before operating transfers	\$ 177 069	\$ 579 284	\$ 402 215
OPERATING TRANSFERS			
Transfers out	<u>(9 594)</u>	<u>(9 594)</u>	<u>-</u>
Net income	<u>\$ 167 475</u>	<u>\$ 569 690</u>	<u>\$ 402 215</u>

## TOWN OF PURCELLVILLE, VIRGINIA

SEWER FUND  
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Sewer fees	\$ 485 000	\$ 571 899	\$ 86 899
Sewer availabilities	300 000	902 500	602 500
Sewer connections	1 500	-	(1 500)
Late charges	3 600	3 776	176
Service charges	5 000	12 630	7 630
Miscellaneous	6 000	10	(5 990)
Proffers	5 000	-	(5 000)
	<u>\$ 806 100</u>	<u>\$ 1 490 815</u>	<u>\$ 684 715</u>
OPERATING EXPENSES			
Personnel:			
Superintendent	\$ 40 920	\$ 41 540	\$ (620)
Operators	94 500	85 488	9 012
Overtime/leave	5 000	3 976	1 024
Secretary	15 691	15 694	(3)
Town Engineer	12 569	12 218	351
Performance bonuses	2 000	2 130	(130)
Employee benefits:			
Health insurance	31 440	27 119	4 321
Retirement	13 000	11 593	1 407
Workers' compensation	8 000	1 330	6 670
Payroll taxes	13 000	12 237	763
Drug testing	500	130	370
Operations:			
Electricity	36 000	33 664	2 336
Telephone	2 500	2 730	(230)
Supplies	15 750	9 090	6 660
Contracts	12 500	2 791	9 709
Uniforms and safety	4 500	4 221	279
Plant repairs	17 900	5 977	11 923
Sewer line repairs	5 000	14 182	(9 182)
I & I detection	2 000	-	2 000
Pump station	5 000	4 966	34
Tools	500	254	246
Sludge removal	12 000	11 375	625
Chemicals	5 000	7 552	(2 552)
Equipment and vehicles:			
Equipment repairs and small equipment	20 270	13 584	6 686
Gas and oil	1 500	1 669	(169)
Vehicle repairs	1 000	512	488
Other expenses:			
Advertisements	1 500	101	1 399
Training	4 000	5 561	(1 561)
Miscellaneous	2 000	1 929	71
Engineering	2 000	-	2 000
Depreciation	-	117 826	(117 826)
	<u>\$ 387 540</u>	<u>\$ 451 439</u>	<u>\$ (63 899)</u>
Operating income	<u>\$ 418 560</u>	<u>\$ 1 039 376</u>	<u>\$ 620 816</u>

(Continued)

## TOWN OF PURCELLVILLE, VIRGINIA

SEWER FUND  
 STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
 Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
NONOPERATING REVENUE (EXPENSE)			
Interest earned	\$ 15 000	\$ 92 824	\$ 77 824
Interest expense	<u>(12 659)</u>	<u>(48 968)</u>	<u>(36 309)</u>
	\$ 2 341	\$ 43 856	\$ 41 515
Net income before operating transfers	\$ 420 901	\$ 1 083 232	\$ 662 331
OPERATING TRANSFERS			
Transfers out	<u>(9 594)</u>	<u>(9 594)</u>	<u>-</u>
Net income	<u>\$ 411 307</u>	<u>\$ 1 073 638</u>	<u>\$ 662 331</u>

## TOWN OF PURCELLVILLE, VIRGINIA

SCHEDULE OF CAPITAL OUTLAYS  
Year Ended June 30, 2000

## GENERAL FUND

Sidewalk improvements	\$ 8 860
Road improvements and paving	29 995
Town Hall roof repairs	34 975
Administrative office improvements	10 225
Police office improvements	11 989
Ford police car	22 677
Police speed board	14 922
Public works vacuum trailer	40 000
Steiner mower	11 700
Police handguns	1 405
Radio system improvements	15 927
Administrative computers and upgrades	12 397
Administrative phone system	13 335
Police computer equipment	<u>28 324</u>
Total general fund	<u>\$ 256 731</u>

## WATER FUND

Chain saws	\$ 1 271
Metering pump	3 583
Preread meters, boxes, valves, etc.	48 906
Paving at filter building	3 300
Water flushing updates and evaluation	27 410
Reservoir line location	7 980
Carbon change-out at Main Street Village	14 891
Waterline replacement projects	344 192
Water resources study	75 057
Legal fees associated with future debt	11 043
Generator and heat system at water treatment plant	138 936
Small building at water treatment plant	4 217
Improvements at water treatment plant	<u>5 104</u>
Total water fund	<u>\$ 685 890</u>

## SEWER FUND

Additional closing and legal costs at new treatment plant	\$ 15 037
Landscaping	880
John Deere Gator	9 800
I & I improvements at Betencourt and Davis Drive	5 500
I & I ultraliners and shortliners	82 610
Godwin emergency pump	28 556
Small building at sewer treatment plant	4 117
Temporary pumps at lift stations	12 245
Master plan update	13 315
Engineering at new treatment plant	41 775
Engineering at East End pump station	<u>3 363</u>
Total sewer fund	<u>\$ 217 198</u>





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Town Council  
Town of Purcellville  
Purcellville, VA

We have audited the financial statements of the Town of Purcellville as of and for the year ended June 30, 2000, and have issued our report thereon dated August 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Purcellville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Purcellville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

**Young, Nicholas, Branner & Phillips, LLP**  
Certified Public Accountants

1041 South High Street • P.O. Box 711  
Harrisonburg, VA 22801  
(540) 433-2581 • Fax (540) 433-0147



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Young, Nicholas, Branner & Phillips, LLP*

Harrisonburg, VA  
August 11, 2000